

Summary of Testimony
Representative Neil Abercrombie (D-HI)
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Dear Panel Members:

I am pleased to be here today and thank you for allowing me the opportunity to speak about the Office of Management and Budget (OMB) A-76 process and contracting out. As a member of the Armed Services Committee and a representative of a state with a heavy military presence, I have had first-hand experience with the contracting out process within the Department of Defense (DoD) and the toll it takes on both the federal employees and the military services.

In March 2001, I attended a hearing held by the House Armed Services Readiness Subcommittee on the how the A-76 process is being implemented in DoD and what the effects are in terms of cost savings and efficiencies achieved. As I am sure you are aware, the testimony given by the services and the DoD was confusing and unconvincing. When questioned by Chairman Weldon to give a figure on cost savings, the services responded with individual amounts that significantly exceeded the total figure cited by Randall Yim, Deputy Undersecretary of Defense for Installations. If the Department cannot provide accurate accounting for a scheduled hearing before Congress, serious doubt is shed on the actual benefits of contracting out.

A-76, as currently designed and implemented, is a sham. It does not take into consideration the loyalty or expertise of our civil service. Rather, the whole process is based on the bottom line, often ignoring what is best for the people who serve our government and the people our government serves. The matter of contracting out holds appeal for those enamored of reducing the size of government. This attraction, however, is based on a myth. Our government is growing, not shrinking, as operating funds are re-channeled into service contracts, which inevitably rise in expense after they are awarded.

To add to the discontent, the military services themselves are not in favor of the A-76 process. Once subjected to A-76, base commanders are left with reduced autonomy over the very installations they are charged to operate, and more often than not, find themselves coping with an anxious, suspicious, and demoralized workforce. Under the process in place, the contractor has right of appeal to GAO, while the federal employees have no such recourse. A current case at Schofield Barracks in Hawaii has been pending for over four years, and as a result of the most recent appeal by the contractor, will probably last another 18 months. The GAO ruled that the in-house offer inadequately met the Army's minimum performance work statement requirements for key personnel and mandated that the solicitation be rewritten to offer the contractor a chance to submit a revised bid. After all this time and money has been spent, does anyone believe that significant cost savings and increased efficiency will have been achieved?

I am convinced that there are better ways to find efficiencies. We have top-notch flag officers and senior commanders more than capable of shaping the future configuration of our civilian workforce in the Department of Defense. The insight and experience of in-house employees is integral in determining the Most Efficient Organization for the government activities in question.

Within the Department of Defense, contracting out often is in direct conflict with issues of national security. Logistics support may look like a prime candidate for outsourcing, but a contracted workforce, having no established relationship with or knowledge of the unit they are supporting, cannot provide the same level of service as our DoD civilians. Merely signing a contract does not duplicate those intangible but very real qualities of loyalty and commitment.

I look forward to continuing this discussion with the Panel as we work to correct the inefficiencies wrought by the A-76 process and to ensure an equitable competitive environment for our federal workforce.